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TOWARD ALTERNATIVES: RE-READING THE GREAT TRANSFORMATION

Kari Polanyi Levitt

THE CLOCK SLOWS DOWN

Harry Magdoff

MOMENT OF TRUTH FOR SOCIAL DEMOCRACY?

Daniel Singer

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NOTES FROM THE EDITORS

June is the month when the G7 governments will be meeting in Halifax, Nova Scotia, for their annual summit meeting on the problems of the world and what, if anything, the rich countries they represent should do about them. A coalition of left and progressive groups in Canada has solicited comments from a number of critical observers, including the editors of *MR*, on the challenges facing the Halifax meeting and its likely accomplishments. Here is our response:

The most urgent problem for the peoples of the world today is employment, both quantity and quality. A 1994 landmark study by the International Labor Office reported that a world total of 820 million men and women of working age were un- or underemployed. That is more than the total population of the Western Hemisphere, and the figure is steadily rising. As to the quality of employment, the situation here in North America is both extreme and typical—a two-tier labor force with a small layer of highly skilled and highly paid workers on top and underneath a large body

(Continued on inside back cover)

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TOWARD ALTERNATIVES: RE-READING THE GREAT TRANSFORMATION

by KARI POLANYI LEVITT

This is the welcoming address to the participants of the Fifth Annual Conference of the Karl Polanyi Institute of Political Economy, held in Vienna in November 1994 and organized jointly with the Socio-Economic Research Unit of the Austrian Academy of Sciences.

The background and context of the conference are woven into the text of the welcoming address. The title is added with the agreement of professor Levitt. It is anticipated that a selection of the presentations at the conference will be published in book form. MR *readers will be kept informed. In the meantime, they are cordially invited to join the Karl Polanyi Institute of Political Economy which, in our opinion, is doing extremely valuable work on the basic problems of, and challenges to, domestic and global societies as the century and millennium draw to a close. For further information, write to the Karl Polanyi Institute of Political Economy, 1455 de Maisonneuve Blvd., Montreal, Quebec, Canada H3G 1M8.—The Editors*

Eight years ago, the Hungarian Academy of Sciences hosted a centenary conference to mark the 100th anniversary of the birth of Karl Polanyi. The ashes of my parents Karl and Ilona were returned from Canada, and the conference participants joined family members to wish them eternal rest on

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Hungarian soil. It was there that I conceived the wish that at some time in the future, the work of my father would also be recognized and celebrated here in Vienna, where he was born and where he worked from 1920 to 1933 as a senior member of the editorial staff of Austria's leading economic weekly, the *Osterreichische Volkswirt*—and that his life companion, Ilona Duczynska, would also be remembered on such an occasion. In 1933, editorial self-censorship at the *Volkswirt* made it impossible to keep Polanyi on staff. He left for England, but continued to write for the journal until 1938.

On November 1, I visited the cemetery in Budapest where my parents are resting, shaded by old trees and surrounded by some of Hungary's favorite actors and artists. I told them that my wish has been fulfilled. Vienna has joined Budapest in honoring Polanyi, a product of the intellectual ferment of Austria and Hungary in the first two decades of the century. Today, more than seventy years since my parents arrived in Vienna—separately and unknown to each other—as political emigrants from Horthy fascism in Hungary, Polanyi's reflections on the reasons for the disasters of the interwar period have contemporary relevance for the transition countries of central and east Europe. In *The Great Transformation*, he attributed Stalinism, fascism, and the New Deal to the failed attempt by the victorious powers to use financial leverage to restore the nineteenth-century liberal economic order. In the context of the global reach of a resurgent neoliberal ideology, this conference will evaluate Polanyi's critique of "market society" and the dangers inherent in attempts to restructure the world on the basis of "the market knows best."

For this opportunity, we express our sincerest thanks to the Austrian Academy of Sciences, to Concordia University of Montreal, to the Dr. Karl Renner Institute, and to ministries of the government of Austria, which have given support. I want to thank all the foreign and overseas participants who have travelled far and mostly at their own expense. A warm welcome to Vienna! I want to thank the Austrian participants who

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have responded to the call to this conference. We know what a busy time of the university year this is—and how difficult it is to juggle conflicting commitments of teaching and the many other conferences taking place at this time. We anticipate an exciting and fruitful intellectual exchange, new friendships, and the extension of the international network of Polanyi-related cooperation. In that respect, this conference is a landmark. Although the third Polanyi conference of 1990, organized by our colleague Alfredo Salsano, took place in Milan with significant participation by international and Italian scholars, this fifth conference has truly been a major effort of transatlantic institutional cooperation between the Research Unit for Socio-Economics of the Austrian Academy of Sciences and the Karl Polanyi Institute of Political Economy of Concordia University. On behalf of the Polanyi Institute, I wish to express a very special thanks to Dr. Wolfgang Blaas, Karl Althaler, and all other Austrian colleagues who have contributed to the organization of this conference. On my personal behalf, I extend heartfelt thanks and deep appreciation to my colleagues Marguerite Mendell and Ana Gomez, without whose untiring efforts we would not be here today.

This conference marks the fiftieth anniversary of the publication of *The Great Transformation* and the thirtieth anniversary of the death of Karl Polanyi. The book first appeared in the United States in 1944. An English edition, under the title *The Origins of Our Time*, appeared a year later. Initially, the work attracted little attention in the United States, and none at all in England. From 1947 to the late 1950s, Polanyi taught at Columbia University and engaged in research on economic life in primitive and archaic societies. He challenged prevailing "formalist" orthodoxies, which applied the methodology of neoclassical economics to the study of traditional "non-market" societies. The "formalist-substantivist" debate initiated by Polanyi and his associates established his scholarly reputation in the area of economic anthropology, and secured him an academic foothold in the "institutionalist" camp of U.S. social science. He was at that time in the seventh decade of his life.

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The long detour into economic anthropology was a test of the principal thesis of *The Great Transformation.* Polanyi's "substantivist" argument maintained that in all previous human societies, the economy was submerged (embedded) in social relationships. Prior to the rise of industrial capitalism, markets were never more than accessories of economic life. In that regard, the generalized market economy of modern industrial capitalism stands revealed as an exception. In the course of the past two-hundred years, economic life has been progressively disembedded from the societal and cultural matrix. As "improvement" (read "efficiency") conquers "habitat" (read "security"), as labor, land, and money have become commodified, the economy has acquired an existence of its own, driven by "laws" of its own, whether conceived in neoclassical or Marxist terms. It is the central argument of *The Great Transformation* that the liberal "Utopia" of a generalized "self-regulating" market is a prescription for disaster. "Such an institution," Polanyi wrote,

> could not exist for any length of time without annihilating the human and natural substance of society. It would have physically destroyed man and transformed his surroundings into a wilderness.

Stripped of social, cultural, and ecological support systems, he wrote, people will perish from hunger, pestilence, violence, and neglect. Fifty years ago this language might have seemed excessive. Today, as the carrying capacity of the biosphere is threatened by the wasteful lifestyle of Western consumerism, and millions of people are uprooted, displaced, homeless, or seeking access to work which Europeans and North Americans no longer want to do, the degradation of the environment and population migrations are at the top of the agenda of concerns in the rich countries of the West.

Re-issued in 1957, *The Great Transformation* slowly gained in influence. Polanyi had by now retired. He entered academic life too late to found a school. In so far as there were followers, they were a small number of former Columbia graduate students in anthropology and sociology. The in-

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sights of *The Great Transformation* in the area of international political economy lay dormant, although it has been suggested that they were a (largely unacknowledged) influence on the "world system" paradigm. The book, however, took on an existence of its own. A remarkable number of diverse individuals have reported the excitement with which they discovered and read *The Great Transformation*, and the influence it had on their thinking. Translations began to appear. The first was a Spanish pirate edition (1947) out of Buenos Aires, followed by editions in Japanese (1956), Italian (Einaudi, 1974), German (1977), and Brazilian Portuguese (Rio de Janerio 1980). All of Polanyi's works have been translated to Italian and Japanese, while the Hungarians translated everything except *The Great Transformation* (perhaps because Polanyi's treatment of distant and exotic societies was politically safer—and thus more "scholarly"). More recently, there have been translations into Turkish (1986) and Swedish (1991). Interest has been minimal in Western Europe: a French translation (Galimard) did not appear until 1983.

When my mother died in 1978, I inherited the Polanyi papers, and with them the responsibility of the Karl Polanyi legacy. I visited Vienna and Budapest to meet with family members—in Vienna Maria Szecsi and her husband Eduard Marz, and in Budapest George Striker and his wife Barbara. Only Barbara is still with us. She is here this evening, and tomorrow she will tell us about her participation in the illegal radio transmissions of "Radio Schutzbund" in the months following the demise of Red Vienna in February 1934. In 1978, I made enquiries concerning individuals or institutions that might be interested in the life and work of my father, with a view to depositing his papers here in Vienna. Nobody was interested. As my mother would have said, "Keine Katz und kein Hund hat sich interessiert." In that regard, nothing much changed in the course of repeated visits over the next ten years. In 1987, following the Budapest Centenary Conference of 1986, Marguerite Mendell and I established the Karl Polanyi Institute at Concordia University in Montreal, and this

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is where the papers are now deposited. We believed that our institute could serve as a forum for the exchange of views between scholars concerned by the rise of the neoliberal market paradigm to the status of semi-official ideology of governments. A decade of Thatcher and Reagan had unleashed an economic and social counterrevolution in the West. In the 1980s, the international financial institutions, acting on behalf of the United States and other major OECD members, forced developing countries to undertake extreme measures of economic and financial liberalization as conditions for continued access to international capital markets. Then came the collapse of Communism, and a sea change in economic and political relations on a world scale.

The passing of an era is more clearly evident than is the shape of the present, not to speak of the future, as manifested in the proliferation of "posts," as in post-industrial, post-modern, post-positivist, post-Cold War, or post-Communist. We note the trend to the "deconstruction" of concepts which have served the social and natural sciences since they emerged. (Economics has undergone its own deconstruction, in the form of the new macroeconomics.) Progress, development, democracy, socialism, political "right" and "left" are among terms whose meanings are not as clear they once seemed to be. From Chile to Brazil to Jamaica—not to mention Europe—prominent personalities of the "left" have reappeared as recycled advocates of "free market" capitalism.

Grand ideas are out. "Identity" is "in," defined in terms of ethnicity, race, religion, gender, sexual preference, and a proliferation of cross-overs of these attributes. In the West, and among opinion-making elites in developing countries within the cultural sphere of the West, there is a paralyzing sense of loss of vision, the absence of a "social project"—reflected in the devaluation of politics and politicians. The priority of individual economic advancement over societal objectives of collective well-being and elemental social justice are creating a culture of alienation manifested in the rise of crime, violence, xenophobia, and the general cheapening of

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human life. There is a pervasive sense of insecurity and fear in the West. In developing countries, the privileged elites have long lived behind protective walls, guarded by razor wire and fierce dogs. In the former socialist countries, a primitive form of robber capitalism is practiced in the streets of major cities.

In the chaotic uncertainty that hangs over the shape of things to come, Polanyi's *Great Transformation* has moved from the margin closer to the center of discussion. There has been a noticeable increase in Polanyi citations in books, articles, and even newspapers. Polanyi is now cited in England—where he was almost totally unknown—and also in Austria where, I suggest, *The Great Transformation* was originally conceived. The book took shape in England in the form of lectures prepared for adult education courses on English social and economic history and international affairs. From 1934 to 1940 my father earned his living as extra-mural tutor for the Workers Education Association, until he was invited to spend three years in the United States, where the book was written.

The source of the gripping rhetoric that pervades this work originates from Polanyi's central European experience. The listening post from which he observed the failed attempts to restore the nineteenth-century liberal economic order was the editorial office of the *Ostereichische Volkswirt* where, as he wrote a friend, he earned an honest living as a journalist, specializing in international affairs, from 1924 to 1933. His articles—now available in book form in Italian translation, thanks to our colleague Michal Cangiani—constitute a detailed account and analysis of key political, economic, and financial events of the interwar period, summarized in Part One of *The Great Transformation* as "Conservative Twenties: Revolutionary Thirties." Emigration to England and the shock of discovering of the deculturalization and immiserization of the working classes in the homeland of industrial capitalism was an important experiential input to the central chapters which form Part Two of the book. The legacy of Blake's "Dark Satanic Mills"—the slums of London, Birmingham, and Manchester, the coal valleys of Wales, the hopelessness in the faces

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of England's 2.5 million unemployed, and the country's crass class structure—stood in contrast to the higher quality of life of the working class in (economically much poorer) socialist Red Vienna. England, it must be remembered, was at that time richer than any other European country, while postwar Austria suffered persistent high unemployment. In Polanyi's formative years, England was the mecca of the intelligentsia of central Europe—a role played on a world scale by the United States after the Second World War.

The closing paragraph of the second chapter of *The Great Transformation* reads as follows:

> Market society was born in England—yet it was on the continent that its weakness engendered the most tragic complications. In order to comprehend German fascism, we must revert to Ricardian England. The Industrial Revolution was an English event. Market economy, free trade, and the gold standard were English inventions. These institutions broke down in the 1920s everywhere—in Germany, Italy, or Austria the event was merely more political and more dramatic. But whatever the scenery and the temperature of the final episodes, the long-run factors which wrecked that civilization should be studied in the birthplace of the Industrial Revolution, England.

The thesis of *The Great Transformation* is that the civilization which collapsed in the 1920s was "economic" in a different sense that in which all societies have been limited by the material conditions of their existence. It was "economic" in the distinctive sense that it chose to base itself on a motive never before raised to the level of justification of action and behavior in everyday life, namely gain. Market economy grew to maturity in England, spread to the continent, and to the United States and eventually, he wrote, "it shaped daily issues into a pattern the main traits of which were identical in all countries of Western civilization." "Identical" is perhaps an overstatement. The differences in the way capitalism has impacted on different societies are not unimportant. On re-reading the cited passage about the English origins of the key institutions of liberal capitalism, one is struck by the continuity of an Anglo-Saxon political culture that has elevated the institutions of private property, private enterprise, and private

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profit to normative ends in and of themselves, and the fiction of "economic man" to a pseudoscientific shibboleth. In the Anglo-American political culture, the worth, value, and social status of an individual is judged by the market price he or she is able to command. Thus, for example, a Japanese CEO of a major corporation makes perhaps 20 to 25 times the pay of an average worker in the company; in Germany, perhaps 30 to 35 times, in the United States, 160 times. Moreover, the U.S. CEO pays a lesser rate of tax than in any other country. In Britain, barely one third of workers now have full-time tenured jobs. The rest, according to a *Guardian* report, "have been plunged into uncertainty and conditions that nineteenth-century factory workers would have recognized." Britain ranks at the bottom of the league of OECD countries in terms of the protection of labor. British employers

> can treat labor more as a disposable commodity and displace the risk of fluctuating demand onto their workers. They meet the very high financial returns demanded by the City of London by pushing labor into abysmal insecurity and increasing poverty.

In Britain, the poorest 10 percent of the population has had an absolute fall in income of 17 percent since 1979, while the richest 10 percent enjoyed an increase of 62 percent. Almost one in three children now live below the poverty line, compared with 10 percent a decade ago. Similar figures could be cited for the United States and for Canada. The Anglo-American variety of capitalism is individualistic as no other national capitalism has ever been. Time horizons are shorter, time preference stronger, expected rates of return higher, and rates of savings lower than is the case in continental Europe, Japan, or the Asian Tigers. It is this Anglo-American model of capitalism that is being unleashed upon the world today.

Fifty years ago, Polanyi believed that the lessons of the 1930s had resulted in the transformation of the nineteenth-century liberal economy into some form of planned and regulated economic order, under the guidance of the nation state. Since the mid-1970s, market economy, free trade, and the primacy of finance over production of essential material

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requirements of economic livelihood—which was the essence of the international gold standard and the reason why this institution was a central target of Polanyi's (and also Keynes') invective—are back on the agenda. Socialism in all its forms is in deep retreat. Polanyi was premature in dismissing "market economy" and "market society" from the stage of history. But was he wrong in his analysis of the dangers inherent in the elevation of "the economic instance" over all other aspects of human endeavor and human existence? Is there really no alternative to global neoliberalization? Have nation states—even large ones—been fiscally emasculated into helplessness and passivity by the dictates of global money markets? These questions are crucial and they are the reason why *The Great Transformation* has surfaced from relative obscurity and why Polanyi's critique of market economy has attracted the attention of many scholars, including those gathered here.

Fantastic as it may seem—"utopian" as Polanyi would have said—the policy prescriptions favored by the neo-utilitarian ideologues of our day are modeled on the glory days of nineteenth-century economic liberalism. The fourth quarter of the twentieth century has been described as the "Age of Hayek," in contradistinction to the third quarter as the "Age of Keynes." A reading of Hayek reveals a radical liberal vision of the economy as a structure "arising without design from human interaction." The "macroeconomics of the last fifty years" is demonized as a

> delusion . . . the nearest thing to the practice of magic . . . by professional economists whose extensive use of mathematics has unduly impressed politicians lacking in mathematical education.

But Hayek's nineteenth-century liberal El Dorado, once described by Eric Hobsbawm as "the anarchism of the bourgeoisie . . . which had no place for the state" did not arise "without design from human action." As Polanyi explained in *The Great Transformation,* the liberal economic order was designed by the early English political economists and was instituted by the power of the state, which created "free" labor markets to

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force workers to accept employment on conditions offered by the capitalists or go hungry—or worse, go to the poorhouse. Nor did the British state acquire the most extensive empire in all human history in a "fit of absent mindedness."

Prior to 1914, Britain's formal and informal empire yielded backflows of rentier incomes of 8 to 9 percent of GNP which fed the life-style of the English upper classes and the wealth of the City of London as premier financial center of the world and the anchor of the international gold standard.

In the interwar years, the gold standard served as a means of imposing deflationary measures on debtors to protect the value of financial assets of creditors and the interests of the City of London and Wall Street. Keynes understood better than any other major economist that the interwar gold standard was a mechanism that favored the propertied classes at the expanse of the laboring classes: "The gold standard, with its general regardlessness of social detail, is an essential emblem of those who sit in the top tier of the machine." His scathing indictment of "The Economic Consequences of Mr. Churchill" and the Bank of England, which subjected British miners to the "economic juggernaut" of deflationary policies to defend the overvalued pound in the 1920s, is a classic of economic literature. Polanyi's account of the vulnerability of the small and weak peripheral states of central and east Europe to a pull on the "golden thread" reads like a preview of the IMF stabilization and adjustment programs of the 1980s. There was hardly an internal crisis in Europe that did not reach its climax on an issue of the external value of the currency. By means of deflation, mass dismissal of public servants, wage repression, and persistent unemployment, currencies were stabilized and fixed in terms of gold to guarantee debt service to foreign bond holders. In the succession states of central Europe, international creditors instituted regimes of external supervision under the auspices of the League of Nations operating from Geneva.

In describing the role of international financial interests in restoring rightist regimes in central and eastern Europe

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and in precipitating the Great Depression of the 1930s, Polanyi noted that

> Vienna became the mecca of liberal economists on account of the brilliantly successful operation on Austria's krone which the patient unfortunately did not survive. In Bulgaria, Greece, Finland, Lithuania, Estonia, Poland, and Rumania, the restoration of the currency provided counterrevolution with a claim to power. In Belgium, France, and England, the left was thrown out of office in the name of sound monetary standards. An almost unbroken sequence of currency crises linked the indigent Balkans with the affluent United States through the elastic band of the international credit system, which transmitted the strains of the imperfectly restored currencies first from eastern to western Europe, and then from western Europe to the United States, until the United States itself was engulfed in the premature stabilization of European currencies.

Like Kindleberger's classic interpretation of the origins of the Great Depression, Polanyi's account turned on the dynamics of unsustainable structures of external indebtedness.

Today, the power of financial capital is greater and much more invasive than was the case in the interwar period. At the same time, it is less transparent. Today it is not clear who is pulling the strings that reign in debtor governments. Global finance appears to have acquired a life of its own, as a mass of disembodied money enveloping the globe, able to descend from the skies to mount attacks on currencies and cause politicians and senior public servants sleepless nights waiting for the reaction of the markets and credit ratings of government bonds. But this gigantic engine of inequality which operates to transfer real wealth from the weak to the strong, from debtors to creditors, from productive to financial activity, is not the autonomous creation of a technological revolution in communication—as is widely believed—but was instituted by deliberate state action in the interests of the owners of capital assets.

The move to financial liberalization, which destroyed the Bretton Woods order designed by Keynes and White in 1944, was led by the City of London and subsequently received the support of the United States, which has benefitted from the position of the dollar as the major reserve currency of the

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world economy. The role of British and U.S. policy in unleashing private financial markets is documented in an excellent study by Eric Helleiner (1994), who was unfortunately unable to join us here. The United States has been able to postpone adjustment to the loss of competitiveness by attracting large net capital inflows, reminiscent of Britain's ability to finance an import surplus by the backflow of overseas interest and profits in years gone by. The unrestricted international movement of capital has eroded the fiscal basis of the welfare state and the capacity of countries to pursue full employment policies, as Keynes knew it would. This is why he advocated permanent capital controls.

For two or three decades after the Second World War, finance served industry. The Keynesian consensus secured relative stability and unprecedented economic expansion under state-managed welfare capitalism within the political framework of the Cold War standoff between the nuclear super-powers and the capacity of the United States to finance general economic expansion. Since the mid-1970s, the international economy has become less stable, growth momentum weaker, real interest rates higher, unemployment chronic, competition fiercer, and income inequalities within and between states much greater. Exchange rates are no longer governed by trade flows but by capital movements, including speculation against weak currencies and capital flight from weak economies. The Bretton Woods institutions, which have long ceased to play the roles originally assigned to them, have used financial leverage to bulldoze economic and social protective structures of weak indebted countries. Countries have been forced to dollarize internal prices so that food and other basic necessities of life cost the same in Jamaica as they cost in New York or Toronto, where average incomes are 5 to 10 to 20 times higher. Debt service has priority over developmental expenditures, and real resource transfers from debtor to creditor countries in the form of export surpluses are reminiscent of the economics of colonialism. The leverage which is crushing the poor to create "level playing fields" for capital

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is external and financial. It has been said that for Keynes "the great problem of the age was to free modern industrialization from the fetters of financial capitalism." The Bretton Woods institutions created by Keynes and White fifty years ago have been perverted to serve financial capital and debt collection. Criticized by developing countries and NGOs for their failed structural adjustment programs—as in the "Fifty Years Is Enough!" campaign—and threatened with reduced financial support by the major OECD countries, they may soon be fighting for their continued institutional existence. Unregulated financial capital has been "crowding out" and choking the real economy on a world scale. "Development" is off the agenda of the major industrial countries.

The challenge is to reclaim the state for society as an instrument to regulate and contain disembodied capital. This cannot come about until common societal interests prevail over individual greed and gain. It is the task of the social movements which have received increasing attention—also here in this conference—to harness the forces of democracy to challenge financial power. The task is today more difficult, especially in the rich North because creditor interests which drive restrictive monetary policies and the privatization of public and social infrastructure—including education and health—have won the support of the new middle classes, including millions of wage and salary earners concerned to maintain the value of their assets, whether in the form of institutional savings or equity in home ownership. The "proletariat" with nothing to lose, insofar as it exists in the North, is an impoverished underclass, generally of ethnic origin other than that of the majority, with no voice in society. The opinion-making elites, including the media and the academic community, reflect the concerns of the "haves" of the world.

But the world is no longer a world of Europe and its diaspora in the Americas and elsewhere. The transformations we are witnessing today, the outcome of which is dramatically indeterminate, is playing out on a global scale. We are conscious of the end of the era, but it is not clear how far back we

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must reach to locate the start of that which is in decline. To 1945? 1914 or 1917? 1789? or to the sixteenth century, when Europe's explosion of creativity and conquest first burst forth upon the world? It is absurd to suggest that Karl Polanyi had the answers to such big questions. But his intuition, combined with his observation of the collapse of (Western) civilization in the wake of the great European war of 1914-1945, led him to see capitalist "market economy" as an aberration of human development, replete with dangers for the human race. In the Vienna of the 1920s, Polanyi challenged von Mises and Hayek to a debate on the feasibility of democratic socialism. At that time, Polanyi and Hayek were obscure and minor intellectual figures. *The Great Transformation* and Hayek's *Road to Serfdom* both appeared in 1944. In the course of the last twenty years, Hayek's neoliberal manifesto has attained global influence. It is said to be the bible of senior policy-makers from Washington to Prague. It is fitting that we celebrate the fiftieth anniversary of the appearance of *The Great Transformation* here in Vienna, to engage the neoliberal ideology based on the elevation of individual gain to the guiding principle of economic life in intellectual combat.

The Great Transformation is an eloquent warning of the consequences of subordinating societies and cultures to the accumulation of capital on a global scale. It points to the urgent need to impose limitations on market forces and to defend, protect, and restore the capacity of societies to shape economic institutions in accordance with the diversity of social and cultural priorities of peoples. It is the responsibility of intellectuals of independent mind to explore alternatives to prevailing trends which exclude ever increasing numbers of people from access to economic livelihood, dignity, and meaningful participation in society. We reject the proposition that there are no alternatives. In this spirit, I wish you a successful conference.

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NOTES

1. Karl Polanyi, Conrad Arensberg, and Harry Pearson, eds., *Trade and Market in the Early Empires* (New York: Free Press, 1957).
2. Two books by Polanyi's former students were significantly important in disseminating his ideas. George Dalton edited a well-known selection of Polanyi's writings under the title *Primitive, Archaic, and Modern Economies: Essays of Karl Polanyi* (Boston: Beacon Press, 1968). Harry Pearson edited previously unpublished Polanyi texts, including some of his Columbia lectures on "General Economic History," as *The Livelihood of Man* (New York: Academic Press, 1977).
3. Dudley Dillard, "The Keynesian Revolution and Economic Development," *Journal of Economic History* (November 1948).

THE MYTH OF THE MARKET Promises and Illusions

Jeremy Seabrook

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THE CLOCK SLOWS DOWN

by HARRY MAGDOFF

Economists are faced with a simple question: how the hell does this economy work? Millions and billions of diverse transactions are made every day, and yet the system holds together. How does the circular process of production, distribution, and consumption coordinate? Despite differences of interpretation by various schools of economics, there is common understanding about the way the system reproduces itself and grows. Here is a simplified consensus of how it is supposed to hang together. (1) Goods (whether primary materials, intermediate, or finished products) are sold for money. (2) The money payments eventually end up in two main streams: wages to workers, depreciation reserves and profits to the bosses. (3) The workers use their wages to buy consumer goods. (4) The bosses use part of their income to replace worn-out machinery, and most of the rest to expand profits (everything but a small percentage for consumption), their businesses, or to start new ones. With more investment, more people get wages, more is produced, and still more money is available to expand production. In this fashion, a balance is maintained between, on the one hand, the capacity to make producer and consumer goods, and, on the other,

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This is a revised version of a talk given in a panel on "Turning the U.S.Clock Back" at the 1995 Socialist Scholars' Conference in New York. The panel was dedicated to Paul Sweezy's 85th birthday which was on April 10, 1995.

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the effective demand for the output of each of these industrial branches.

This circular process isn't always smooth, but disruptions and imbalances get straightened out before long. Some trade with other nations may be needed to get raw materials or food. Apart from occasional disorder and some foreign trade, a closed and pure capitalist economy should be able to grow forever on its own steam.

These are the rudiments of the economic theory that emerged in the early days of capitalism and which, implicitly or explicitly, remain to this day firmly embedded in academic and popular understanding of capitalism.

It is a nice and comfortable theory, but one which makes sense only at the very highest level of abstraction and under hypothetical conditions. At best, it is a starting point for the study of the real world. But when one digs into the theory's underlying assumptions and the more than 200-plus-year history of industrial capitalism, it becomes clear that the conditions for self-sustaining growth in a closed capitalist economy simply don't exist in the real world. There are in fact built-in barriers to automatic continuity. Thus, if capitalists invest all their profits in expanding their businesses, a point is reached when there is too much productive capacity. For example, after every family in a country has a refrigerator, reinvesting the profits of that industry to make more refrigerators would be self-defeating. The existing capacity would usually be enough to meet the demand for population growth and replacement of worn-out units. Such limits to endless expansion are typical of all industries. Therefore, all other things being equal, too much investment is a persistent threat to balanced growth. If instead the profits remain idle because of lack of profitable investment opportunities, the demand for producer goods slows down or declines and a chain reaction sets in: the new entrants into the labor market and workers displaced by advancing productivity can't find jobs, the effective demand for consumer goods shrinks, and the economy stagnates and may go into a tailspin.

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And yet, despite the inherent hazard of excess capacity, capitalism is distinguished by the vast, long-run expansion of its productive forces. How come? To answer this we need to move from theory to history. Three roads have been especially significant in providing an escape from the overaccumulation trap. First, the development of new products or radical changes in technology. Second, higher wages—an increase in the value of labor-power, as a Marxist would put it. Militant class struggle leads not only to better wages but to various forms of social welfare, thereby expanding domestic markets. Third, the development and extension of markets for goods and investment in foreign lands.

These have been major frontiers of capitalist growth. While they play significant roles in the spread and growth of the capitalist system over the globe, each of them has limitations of its own. Innovations don't come on demand, nor when they do are they necessarily what the doctor ordered. Some innovations contain the potential to set off a new spurt of growth. Others may not be effective enough to compensate for the sluggish strains in overall investment. As for higher standards of living in support of the domestic market, there is no assurance that it will continue on or that it will be sufficient. The capitalist class and the state make concessions grudgingly, and for the sake of securing and protecting profits will try to restrain this growth and, as in today's environment, turn the clock back. As for the third escape route for overaccumulation—foreign markets for goods and investment in the periphery—it is always limited by the poverty that goes with underdevelopment, and in addition the nature of capitalist penetration and domination of the peripheral territories creates barriers on this front too.

If, then, self-sustained pure capitalism is insufficient for economic growth, the contours of capitalist development need to be sought in the prospective widening or narrowing of its frontiers. On that score, it is important to take notice of a major sea change that took place after the first hundred years of the Industrial Revolution. In the youth and infancy

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of industrial capitalism—from the 1760s to the 1870s—it seemed as if future economic growth and expansion were endless. In the last hundred years or so, however, it has become increasingly apparent that the frontiers are not limitless. Moreover, they have a tendency to shrink and thereby create increasing social distress and intensive competition among nations. These features of mature capitalism have been a primary influence on the course of history since the last quarter of the nineteenth century, and they need to be reckoned with if we want to face up to the issues of the day.

* * *

Shortly after the end of the Second World War, J.R. Hicks, a noted British economist, observed at the conclusion of his book *Value and Capital*: "One cannot repress the thought that perhaps the whole Industrial Revolution of the last two hundred years has been nothing else but a vast secular boom." Joan Robinson later picked up on that theme, adding a perspective often ignored or overlooked:

> Few would deny that the extension of capitalism into new territories was the mainspring of what an academic economist has called the "vast secular boom" of the last two hundred years, and many academic economists account for the uneasy condition of capitalism in the twentieth century largely by the "closing of the frontier" all over the world.

Statements of this sort and the hypothesis I am going to present are of course exaggerated to some extent. They are nonetheless relevant as we move from an abstract theory which has become embedded in the dominant ideology to a bird's eye view of capitalist history. Thus, the contradiction between the expansion of productive capacity and the limits of effective domestic demand arises in the earliest days of the Industrial Revolution. Britain's speedy development of manufacturing capacity based on the new technology and its impressive increase in wealth depended on expanding frontiers for the export of its surplus production. It was, in fact, as

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"the workshop of the world" that Britain's industrial prowess and wealth flourished. Even so, the rapid expansion of industrialism did not provide enough jobs for the growing population. Technological advances in agriculture and industry produced massive unemployment, resolved in part by waves of emigration to the "new lands."

When domestic markets weren't large enough to absorb the products of expanding capacity, foreign markets were created by conquest, political influence, and the aid of loans and investment. As other European countries and the lands settled by Europeans took the route of industrial capitalism, they came up against frontier limits as Britain had, and they too sought ways out by conquest and penetration. In 1800, Europe and its possessions, including former colonies, claimed title to about 55 percent of the earth's land surface: Europe, North and South America, most of India, and small sections along the coast of Africa. But much of this was merely claimed; effective control existed over a little less than 35 percent, most of which consisted of Europe itself. By 1878, an additional 6.5 million square miles were claimed; during this period, with the aid of steamships, the construction of railways, and advanced armaments, control was consolidated over the new claims and over all the territory claimed in 1800. From 1800 to 1878, actual European rule (including former colonies in North and South America) almost doubled, increasing from 35 to 67 percent of the earth's land surface.

The technological achievements of the Industrial Revolution, the industrialization of other European countries and the United States, the enlargement of the domestic markets, and the creation of markets and investment opportunities in noncapitalist areas—these fed the hundred-year boom after the birth of the Industrial Revolution. Yet this boom, with so much going for it, ended in a long and at times acute worldwide depression. In 1889, David A. Wells, a former president of the American Social Science Association, described these years of change as follows:

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> The existence of a most curious, and in many respects, unprecedented disturbance and depression of trade, commerce, and industry, which, first manifesting itself in a marked degree in 1873, has prevailed with fluctuations of intensity up to the present time (1889), is an economic and social phenomenon that has been everywhere recognized. Its most noteworthy peculiarity has been its universality; affecting nations that have been involved in war as well as those which have maintained peace; those which have a stable currency, based on gold, and those which have an unstable currency, based on promises which have not been kept; those which live under a system of free exchange of commodities, and those whose exchanges are more or less restricted. It has been grievous in old communities like England and Germany, and equally so in Australia, South Africa, and California, which represent the new. . . . (*Recent Economic Changes* [New York: D. Appleton, 1889])

The significant aspect of this major depression is that it was the result of overaccumulation of capital in the midst of a new wave of technology—a second Industrial Revolution marked by mass production of steel, electricity, and synthetic chemicals. It was also a period when the younger industrial powers had expanded sufficiently to challenge Britain's hegemony in trade, finance, and military prowess. They too needed markets to absorb the output of the new mass-production industries. The intensified competition in the midst of overproduction and limited markets led to sharply declining prices, bankruptcies, and the rise of big business organizations, cartels, and trusts. Out of this major depression came the dawn of the age of monopoly capital and the new imperialism—the sea change referred to earlier.

Two features distinguished the new imperialism. First, the participation of all the industrialized powers, including the United States and Japan. Second, the dash for colonies and conflict over the division of the periphery among the powers. The rate of territorial conquest between the late 1870s and 1914 was three times that of the first three-quarters of the nineteenth century. By 1914 the colonial powers, their colonies, and former colonies stretched over 85 percent of the earth's surface.

The secular boom of the first hundred years after the Industrial Revolution led to the development of an interna-

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tional system under the leadership of Britain, the spread of the gold standard managed by the Bank of England, and the rise of international prices for raw materials arrived at in London. But the spread of industrialism in the core nations, and the drive for expansion spurred by the incessant accumulation of capital, led not only to the growth of rivalries for colonial territory but to competition for markets among the powers themselves, the growth of protectionism, and a widening use of foreign loans and investments as aids to domestic economic growth and profits. With this came the challenge to the British Empire's financial, economic, and trade predominance, an armaments race, and finally the First World War.

The period between the Napoleonic wars and the First World War is generally described as a long era of peace. That it was not. There were local wars in Europe (Franco-Prussian, Crimean wars), the Civil War in the United States, and the brutal wars of conquest in Africa and elsewhere in the periphery. But within Europe, the center of the international system, the balance of power worked for decades—until the new stage of capitalism arrived.

The changes that began with the major depression of 1873-1896 are the prelude to the history of the present century: a period in which there were two world wars, the Great Depression, a brief interlude of U.S. hegemony and boom, followed by the long stretch of stagnation in which we are now wallowing. We still live in a world dominated by the giant corporations, except that more and more power is exercised by financial institutions and the money markets. The new stage of globalization has not diminished the sources of rivalry among the powers, and new features have been added. The strains of excess capacity continue to intensify competition for markets. And even though there is a fabulous new electronic technology, investment in this and its related areas has not been sufficient to reverse the stagnation of the last quarter century.

In sum, a bird's eye view of the past century shows that the present is far from unique. With all its new features, it

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belongs to a long-established stage of capitalism. Much has been omitted in this presentation, notably the socialist revolutions, decolonization, and the multitude of wars since the end of the last big one. But these omissions do not invalidate the main theme. In fact, they would go to demonstrate even more forcefully the violent, destructive nature of the monopoly and imperialist stage of capitalism. What is relevant for the discussion at this panel is that the long decline since 1970, the two world wars, the Great Depression, imperialism, the ongoing dependence of all the industrial powers on deficit financing, and today's turning the clock back are all part of one big picture dominated by the barriers inherent in capitalism.

The welfare state met certain needs following the Second World War: the example of full employment in the Soviet bloc and the desire for popular support of imperialist adventures. But it was only viable as long as there was the unusual wave of prosperity in the early decades after the war. For many years now, the same familiar forces of overaccumulation and rivalry among the powers in the midst a universal economic slowdown have reasserted themselves. The growth of a global financial superstructure has for a time helped to sustain profits and economic viability. Yet the fragility of the financial system has been showing up with increasing frequency. As noted already, the new industries of telecommunication and the new information highway have, at best, so far only served to partially compensate for the decline of investment elsewhere. And where do each of the powers and the periphery look for a way out? Exports, plus the potential of investment in Eastern Europe and China. But if all are looking for the same way out, in a world of narrowing frontiers, clashes and greater rivalry are bound to come.

Why this long sermon of woe and disaster? Because even though it is not a fable, it leads in my opinion to a moral. And that is that we should abandon the illusions and myths that there is a way to restructure capitalism to make it hum again, to reverse the trends of the last hundred years. Some of our comrades talk about a struggle for an improved structure of

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accumulation. But that accumulation is where the dog is buried. The reforms that progressives and radicals talk about are ways to increase productivity and straighten out monetary systems—all are geared to getting onto a fast growth track, when it is the fast track itself that is the problem. So many of our progressives and radicals can't seem to unburden themselves of key elements of bourgeois ideology. To be clear, I am not talking about struggle for protection of the people, for the drive to take from the rich to protect the poor. That struggle is a major priority, of course.

But let us not kid ourselves with false panaceas. We need to use our energies not only for the current struggle but to educate as to how capitalism really works and that there is an alternative. The level of ignorance about economic and social matters is unbelievable. This is why those who understand better have the responsibility to engage—in discussion groups in the neighborhood, in religious and community centers; to distribute leaflets, pamphlets, and books; to move among the people and become educators and missionaries in small and big ways.

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MOMENT OF TRUTH FOR SOCIAL DEMOCRACY?

by DANIEL SINGER

The coming years, the turn of this millennium, will be crucial for the left in western Europe. The way in which capital tackles the current structural crisis, growing unemployment, the open attack on the welfare state present a problem for social democracy, taken here in its now accepted definition: the reformist management of capitalist society. The message for today is plain. There is to be no more fooling with "capitalism with a human face." There is now no room for reformist management.

You may object that the reactionary offensive is not new and that the respectful left—i.e., the left respectful of the established order—has given proof it is ready to swallow a great deal. But it is only now that the crisis is coming to a head and the problem for social democracy is not only to accept but to deliver.

An era is coming to an end and to grasp the significance of the present crisis we must put it in perspective.

The first thirty years after the last war will go down in history books as the years of unprecedented capitalist growth, years of mass migration from country to town, and of deep social transformation. As profits were high, a portion could

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The following talk was given at the *MR* panel dedicated to Paul M. Sweezy's 85th birthday at the 1995 Socialist Scholars' Conference.

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be passed on and this was also a period of a rapid rise in living standards and of big changes in the patterns of consumption. Let's not overdo this idyllic picture. The French May rising of 1968 and the Italian Hot Autumn the year after are a reminder that there was a lot of discontent below the glittering surface of the consumer society. Still, in terms of goods and social welfare the progress was undeniable. It could be argued that it is possible to improve your fate within existing society.

It could be and was argued. Indeed the mood in western Europe was, if one could say so, social democratic, even where the governments were not. Keynesianism was the fashion and our pundits were proclaiming that capitalism had found the *secret of eternal growth. The mood was actually contagious.* Once it became obvious—after Khrushchev's indictment of Stalin and the invasion of Hungary in 1956 for some, after the entry of Soviet tanks into Prague twelve years later for others—that the Soviet Union was not forging an alternative, the Communist parties, too, accepted the idea that the struggle from now on would be for the improvement of the capitalist society, not for its abolition.

But history has its ironies. The moment the Communist parties signed their *compromesso storico,* the premisses on which that compromise rested began to crumble. The economic situation altered and the movement started in reverse. Production slackened. Unemployment rose. The labor movement suffered a series of defeats. In a frenzy of deregulation, public property was privatized, the frontiers were fully opened, and capital was allowed to move in total freedom. The powers of Europe's nation-states—the alleged instruments of Keynesian intervention—were drastically reduced without being transferred to a European state with its capital in Brussels. All this was coupled with a striking ideological swing to the right. While the left gave up the very idea of class struggle, capital, with Thatcher and Reagan as its servants, was giving a practical lesson on its topicality.

Still, we were told that our *perestroika,* our restructuring, was provisional, that only the old industries—coal, steel, ship-

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building—were involved and the expanding services would absorb the surplus labor. The illusion worked for a time. It is only now, in the 1990s, that such pretensions have had to be dropped. Mass unemployment has plainly come to stay. It is not a question of boom and slump. At the end of each cycle the number of jobless is higher than it was at the same point in the preceding cycle. The fact is no longer denied. But, asked what it is going to do about this calamity, the establishment replies: follow the U.S. example.

It's not the U.S. dream that we are being offered. It's the U.S. nightmare. It's the U.S. model with the huge and growing gap between the haves and the have nots, with its "working poor," with its absence of a national health service, and its terribly deficient welfare services now under constant attack. We are no longer told: follow the U.S. way because you'll love it. We are told that, in the deregulated world in which capital can flow wherever it wants in search of cheap labor, we have no choice. Whether you like it or not, you have to lump it.

This is where the dilemma for Europe's respectful left lies. Its readiness to work within the system is not at stake. But instead of carrying out reforms, it is now supposed to impose austerity. To follow in the footsteps of the U.S. Democratic Party, it would have to give up all the conquests that ensured the postwar success of Europe's social democracy. For the sake of "flexibility of labor," it would have to abandon the few limits that have been imposed on the bosses' freedom to hire and fire and to impose the wages and conditions of work of their choice. It would have to accept the dismantlement of the welfare state, the very foundation of its popularity. It would have to give up its organic links with the labor unions. It would have to give up the alleged reason for its very existence—the defense within the system of the interests of the working people.

True, the Labour Party in Britain, the French Socialists, Italy's ex-Communists, i.e., the Democratic Party of the Left, have gone far on the road of surrender. A year ago, I would have had to describe how they were taking Clinton as a model.

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But this is now qualitatively different, and the passionate, powerful reaction to the first frontal attack on the welfare state—the attack against pensions in Italy—suggests that their task will not be easy.

I can hear you saying: Daniel, you're talking to us about something we know only too well—the right on the attack and the so-called left, the liberals on the run. But there is an important difference. It is to be found in what can be called Europe's social democratic tradition, in the extension and consolidation of the welfare state in the postwar period, in the attachment of the working people to that welfare state, in spite of its defects, a devotion that was illustrated in the Italian reaction—a series of strikes and the biggest demo in Rome's history. To use a famous metaphor, the steam is there all right, but the piston and the box are missing.

With my incurable historical optimism, I would like to say that conditions being ripe, history will invent the instruments necessary for its completion. But I must confess that nothing of the kind is to be seen on the horizon. And time presses, because if we don't provide progressive solutions to the crisis, the extreme right may well provide irrational ones. Hence, the importance of our task here and there. And in the first place to persuade people once again that society, and therefore life, can be changed by collective, political action (a task to which our hero of the day, Paul Sweezy, has devoted all his conscious life).

Liberty is meaningless where the right to utter one's thoughts and opinions has ceased to exist. That, of all rights, is the dread of tyrants. It is the right which they first of all strike down. They know its power.—Frederick Douglass

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CASTRO SPEAKS IN COPENHAGEN

by FIDEL CASTRO

Now there is talk about social problems, about the problem of unemployment, poverty, illiteracy, and lack of healthcare that exists in much of the world. There is much talk about social development in a world where social development is in total contradiction to reality.

The truth is that part of the world is very wealthy, very developed, increasingly wealthy and developed, yet the big majority of humanity lives in poverty, increasing poverty, and underdevelopment.

The terminology of the United Nations uses the word "developing countries." That's a kind word, because they don't like the word "underdevelopment." We're talking about economic underdevelopment, of course. That's why they call them developing or emerging countries, because the difference, the notorious gap between the underdeveloped and developed countries, is getting bigger, not smaller.

It's true that the developed countries have many problems; different countries have many different kinds of problems. One of the most serious problems in the developed world is unemployment, which is proof of the inability of this model to solve certain problems.

This is a speech given at the Summit for Social Development in Copenhagen on March 11, 1995 by Fidel Castro. The following version was translated and printed by *The Militant* on March 30, 1995.

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Unequal Terms of Trade

Now capitalists talk about solving the problems of underdevelopment, which is truly a giant contradiction. Looking at the Third World, we see problems that aren't even taken up in the declaration, in the action program of this summit conference. It talks about the struggle against poverty and so forth, but it doesn't mention the problem of unequal terms of trade, where the prices Third World countries get for their exports keep going down, while the prices of products purchased from the developed world keep rising. And here it analyzes what has occurred since the Second World War, but the purchasing power of basic products is not even 30 percent of what it used to be. In fact, countries are exporting more and more while importing fewer and fewer commodities.

There is no mention of capital flight. In reality, the underdeveloped world is financing the developed world. The amount of money leaving those countries every year is greater than the amount entering them. How can there be development? How can they eradicate poverty?

At this conference they don't talk about the foreign debt, or they speak in terms of forgiving the debt of the poorest nations—by an inadequate amount—but the (Third World) foreign debt is now more than $1.5 trillion. And each year it grows. How can there be social development?

Everyone expected that with the end of the Cold War, resources used for arms could be used for development. There are resources for arms spending—arms spending is about $1 trillion a year. Why and what for, now that the Cold War is over?

With these resources there could be economic development in the Third World and social development in the entire world. Why do they maintain these policies? These are the realities. These are the realities that they talk about: fighting poverty, fighting for development. Well, speculative capital, speculative investment is not productive investment. And now it is starting to produce catastrophes in some countries. In the

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last few days, in fact, there has been a big panic in Europe over monetary problems due to the devaluation of the dollar and several other currencies. With those problems there won't be any resources for development.

At this conference there is no mention of the self-determination of peoples. There is no talk of national sovereignty, yet there is a strong tendency toward intervention and gutting the principles of independence and national sovereignty.

Now they also talk about ecological clauses for the Third World countries. That doesn't mean concern for the environment. In fact, the biggest ecological violation is hunger, which kills nearly 14 million children every year. Two billion people are illiterate; 2.2 billion live in poverty, absolute poverty; millions of children suffer from malnutrition; 1.5 billion people do not have access to healthcare. It is truly a human disaster. But when they talk about ecological clauses, what they have in mind is protectionist measures to block access to the markets for certain countries.

There is talk about social clauses, but it's a pretext to block the Third World's products from the markets of the developed countries.

There is talk about political clauses. After a hard fight, and by sweetening some words, it was possible to achieve some kind of statement against the blockade [imposed by Washington on Cuba]. Blockades have become a weapon to combat ideas. In the case of our country, there has been a thirty-five-year-long blockade by the most powerful country on earth—with the most economic resources—aimed at destroying the economy and the revolution in a small country like Cuba, which they have always wanted to take over.

With neoliberalism there can be no social development, because wherever neoliberalism has been imposed, funding for education, healthcare, social security, and construction of hospitals and schools has been eliminated.

I shouldn't take too much time telling you about the things we have done and have been able to maintain even under the terrible conditions in which we are living, in the

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middle of an increasingly cruel blockade, after the disappearance of the socialist camp and the USSR, when we lost 70 percent of our imports. Not a single teacher has been left jobless. Just the opposite, every day there are more teachers. Not a single doctor has been left jobless, there are more and more doctors. Not a single hospital, school, or childcare center has been closed.

Why Do They Blockade Cuba?

Cuba is blockaded. Why? What country has done more for the people than Cuba? Not just for its own country. The revolution has sent teachers, doctors, and workers to dozens of Third World countries without charging a penny. It shed its own blood fighting colonialism, fighting apartheid, and fascism. The revolution forged a consciousness of solidarity—solidarity not only with its own compatriots but with other peoples. At one point we had 25,000 Third World students studying on scholarships. We still have many scholarship students from Africa and other countries. In addition, our country has treated more children who were victims of the Chernobyl tragedy than all other countries put together. More than 13,000 children from Chernobyl have been treated and continue to be treated despite the huge difficulties in our country.

They don't talk about that, and that's why they blockade us—the country with the most teachers per capita of all countries in the world, including developed countries. The country with the most doctors per capita of all countries; there is one doctor—and a good doctor—for every 214 inhabitants in our country. The country with the most art instructors per capita of all countries in the world. The country with the most sports instructors in the world. That gives you an idea of the effort involved. A country where life expectancy is more than seventy-five years.

Why are they blockading Cuba? Because no other country has done more for its people. It's the hatred of the ideas

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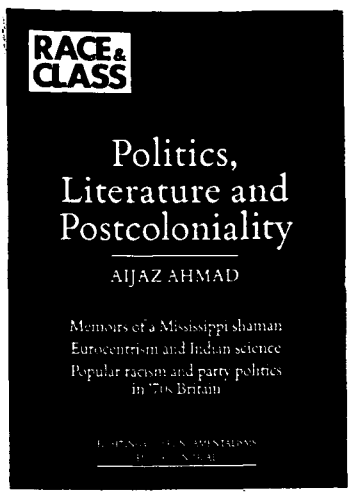
that Cuba represents. It's the hatred of the resistance it has been able to put up.

For us, international solidarity has extraordinary value. We know that for almost thirty years, Nordic brigades have visited our country, working very hard and sharing our sacrifices and our hopes. You are showing us that we are not alone or isolated, that there are many people like you everywhere.

Our commitment, our combativeness, our hopes grow. The hopes of all men and women will grow. And let no one doubt that we shall build a better world.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CRIME RAVE

by ANTHONY M. PLATT

Every politician running for office in the November elections recognized that law-and-order demagoguery was the ticket to success. Though the Republicans proved themselves tougher and nastier than Bill Clinton's New Democrats, as far as criminal justice policies are concerned, it made little difference which party triumphed. By 1992, the traditional liberal agenda on crime prevention, community development, mediation, rehabilitation, and abolition of the death penalty had, like liberalism itself, disappeared from official political discourse.

Meanwhile, given the current rush to retribution, you wouldn't know that people's safety is unrelated to the number of police or severity of punishment; or that most crime is not even reported to the police; or that the overall crime rate has gone down over the last twenty years. The rates for murder and rape are high, but about the same as they were in the early 1970s; other crimes of violence, such as robbery and assault, have declined; and youth violence is a small and decreasing part of serious crime in the United States. Yet a moral panic

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about crime and lawlessness is in full swing throughout the country, from Puerto Rico, where the National Guard is called upon to police housing projects, to the beaches of southern California, where curfews are imposed to prevent gang violence. Legislators at every level of government are in fierce competition to prove their devotion to criminalization and punishment. Congress recently passed a $30.2 billion crime bill that will fund 100,000 new police and $8.8 billion in prison construction. The new Congress is likely to toughen this essentially right-wing bill by eliminating its token social programs, adding new restrictions on death row appeals, and trying to weaken what remains of Constitutional restraints on the police.

Variants of "three strikes and you're out," which mandates life imprisonment for prisoners convicted of a third felony, now operate in more than thirty states. California will require at least twenty new prisons to meet the provisions of its three strikes initiative and some six hundred other bills that are waiting in line before the legislature's Public Safety Committee. Florida's legislature is also awash in crime bills, including proposals to reduce the age of execution to fourteen and to fine welfare mothers for their kids' crimes. To avoid any accusation of being soft on crime, New York and Ohio are reducing and eliminating recreational programs in prison, while Mississippi is the first state to put convicts back in striped uniforms.

At the local level, budget-strapped city councils and boards of supervisors are cutting schools and other public services in order to maintain or expand their police and sheriff's departments. They are also hard at work expanding the justice net through legislation that criminalizes "aggressive panhandling" and crams already overcrowded jails with the homeless and chronically unemployed, quite similar in conception and impact to the English Poor Laws that filled workhouses with "sturdy beggars" some four hundred years ago.

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When it comes to biggest and best, you can't beat the U.S. criminal justice system—14 million arrests annually; more than 1.7 million employed as police, guards, and other functionaries at a total cost to taxpayers of about $74 billion (or about three times as much as the economic relief allotted to 4.5 million families on AFDC); at least 1.5 million incarcerated, including 3,000 prisoners stacked up in a waiting pattern on death row. By 1993, almost 5 million people in this country were under some kind of correctional supervision (jail, prison, probation, and parole) and no signs indicate the trend is abating. On the contrary: about the only debate you can hear in the corridors of power these days is whether the victims of execution should be electrocuted, gassed, drugged, or shot to death.

The United States now has the largest, most complex, most expensive, most punitive system of justice in the world, and the most insecurity about crime, with no relief in sight. As everybody knows, "public safety" is an illusion: it's every individual woman, man, and child to his or her own defense. That is why even the police tell everybody to learn techniques of "target-hardening" and "defensible space"—organize neighborhood watches, look out for suspicious characters, and if you're a woman carry a whistle and mace, take classes in martial arts, and stay off the streets after dark. In other words, take personal responsibility, and good luck! How did we get to this place, and what do we make of it?

Panics and Panaceas

The current political preoccupation with crime and justice has little to do with either. With the collapse of liberalism and the Keynesian regulatory state, the old Fordist social pact has been broken, giving rise to more coercive and exclusionary forms of social control. What poses as moral outrage about crime is in fact a recognition of the weakening political authority of the state. Some twenty years of structural unemployment in the former industrial zones, ruthless cuts in

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public spending, declining participation in the electoral process, plus sustained policies of malign neglect of the growing racial divide, have ripped open the social fabric and created widespread anxieties about personal well-being and security.

The whole political establishment has followed the lead of the New Right in successfully staking out this terrain of insecurity and couching its repressive measures in a populist moralism, to use Stuart Hall's term. Also a number of leading intellectuals once again have jumped aboard the bandwagon with opinions that echo the prevailing anti-intellectualism. "The public supports more gun control laws but suspects they won't work. The public is right," proclaims James Q. Wilson, Richard Nixon's favorite social scientist. "The case for more police and additional punishment rests on the immediate impacts these measures can achieve," argues Gary Becker, economist and Nobel prize winner. "They do not take a generation to become effective: They can reduce crime straightaway." It is tempting to exchange short-term solutions with demagogues who wrap their ideology in the language of common sense and folk wisdom, belittling the abstractions and complexity of out-of-touch liberals. But we need to remember that these men of action have not got the job done after some thirty years of effort and, more significantly, that their "practical" program has been profoundly motivated by a long-term ideological agenda. Without any competing interpretations that explain the demise of the U.S. dream or provide a vision of a more compassionate society, simple-minded panaceas resonate widely with people who want solutions right now and are willing to concede democratic rights to a more authoritarian regime.

There's nothing particularly new about politicians and the media constructing moral panics to mobilize public opinion against illusory crime waves. We've seen it before with crusades against the "dangerous classes" in the nineteenth century, against vice and degeneracy in immigrant communities during the Progressive Era, against delinquent mothers in the 1950s, and black "muggers" in the 1970s. Today, as often

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in the past, the law and order discourse is a thinly coded representation about race, an "ideological conductor" for both popular discontents and the state's inability to manage racial antagonisms. Nobody has any doubt in their minds about the racial innuendo when *Time* magazine, in its special issue on crime, notes that "randomly, irrationally, crime pounds at the door of a slumber party. It pulls up besides a tourist at a highway rest stop. It catches the 5:33."

The current law-and-order campaign is not simply another ephemeral storm of outrage that will gradually dissipate. It is part of a profound shift taking place in state power. If we are to have any hope of reconstructing a progressive agenda on crime and justice, we must first understand that there have been significant, qualitative changes in the structures of criminal justice, a process that is thirty years old and still unfolding. Let me identify and discuss four key elements in this transformation.

Policing the Crisis

First, it was not crime but social movements and grassroots protest, plus the growing decay of urban centers, that motivated national leaders in the 1960s to modernize criminal justice bureaucracies that had developed regionally and haphazardly with little coordination since the 1930s. The anarchic rage unleashed by the post-civil rights ghetto revolts, as well as the obviously chaotic response to them by city police departments and National Guards, prompted the federal government and corporate businessmen to establish a series of national commissions (including Johnson's Crime Commission, the Kerner Commission, and Eisenhower's Violence Commission).

One immediate result of this attention was the availability of federal funds to stimulate far-reaching reforms and impose national standards and strategies on local and state agencies. Between 1955 and 1971, criminal justice expenditures throughout the country doubled to 1 percent of the

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GNP. The rate of increase in the years from 1966 to 1976 was about five times what it had been in the previous decade.

The main beneficiary of this new largesse were the police, who by 1974 received 57 percent of the nation's $15 billion criminal justice budget, eight times the amount they had received ten years earlier. From 1965 to 1975, the number of police increased by about 40 percent, and in large cities like Los Angeles they grew even faster. This development was shaped by the rise of a police-industrial complex that, backed by government subsidies and a heavy reliance on military expertise, introduced technology (in weaponry, communications, and information systems) and managerial techniques of command and control into policing. During the 1970s, the police were reorganized and diversified (from SWAT units to team policing), armed for every occasion, and plugged into nationally coordinated data bases. There was considerable political opposition to these innovations (notably from African American, Latino, and New Left organizations, which countered with demands for civilian review boards and "community control"), but by the end of the 1970s the left was silenced on these issues and policing had been transformed into a much more disciplined and militarized occupation, loyal to the state but little else. For poor communities of color that have the highest rates of victimization (by "street," business, and environmental crimes), the police are either irrelevant or yet another institution adding insult to injury.

Privatization

Secondly, during the last thirty years privatization has come to play such an influential role in the routine functioning of the criminal justice system that the line between its public and private functions has become quite blurred. Again, this is not new (see, for example, the routine contracting out of prison labor to local firms prior to the First World War or the widespread use of Pinkerton's and Burns' cops against the labor movement), but its recent growth and scope are unprec-

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edented. There has been a significant shift from the post-Second World War emphasis by policymakers that crime control is best left to the experts to today's widely shared recognition that the criminal justice system can control only a very small portion of serious crime (and even this requires active "public cooperation").

Aided by deregulation policies and the increasing privatization of public services during the Reagan years, large corporations found lucrative contracts in the expanding criminal justice market for everything from riot batons and surveillance systems to modular prison units and electronic restraints. In the 1980s criminal justice became a growth industry, with bond measures for prison construction and new institutional designs.

Meanwhile, private security firms forged an indispensable niche for themselves as the class and racial divide widened in the 1980s and downtown businesses sought to put a moat around their free enterprise zones. In 1969, private security firms employed some 290,000 personnel and generated about $3.3 billion in business. By 1991, private policing was a $52 billion per annum business (outspending public policing by about 73 percent), employing 1.5 million personnel (compared to 600,000 in the public sector). At the current rate of growth, by the year 2000 there will be close to 2 million private police, at a cost of about $100 billion annually.

The brave new world of downtown, as Mike Davis has illustrated in his analysis of Los Angeles, is now a complex, multifaceted operation, combining a mix of public and private cops, architectural barriers, technologies of omnipresent surveillance, and new forms of instrumental discipline adapted from Disney World and stadium rock concerts. Meanwhile, out in the suburbs there are some 30,000 guarded or gated private housing developments and in the last ten years there has been a five-fold increase in the number of homes with burglar alarms. The price of fortification varies, ranging from low-cost guards to expensive high-tech security, such as a computerized projectile-launching device which fires a cyl-

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inder into the bodies of unauthorized cars trying to enter Santa Clarita's Hidden Valley near Los Angeles.

For the urban poor—stuck in the unsafe, largely unpoliced ghettos, barrios, housing projects, and abandoned real estate—security comes and looks cheaper: walls topped with claws, spikes, and razor-ribbon wire; fenced-in roofs and bolted doors fronted by iron gates; guard dogs and cheap guns. "Throughout the nation's cities," notes Camilo José Vergara,

> we are witnessing the physical hardening of a new order, streetscapes so menacing, so alien, that they would not be tolerated if they were found anywhere besides poor, minority communities. In brick and cinderblock and sharpened metal, inequality takes material form.

The privatization of justice has bought some security for the upper strata who are willing and able to pay top dollar. But for most people, the emphasis on security just nourishes their anxieties and feeds the short-lived illusion that well-being can be consumed with quick-fix solutions. More significantly and dangerously, this trend concedes authority over the traditionally public institutions of civil society to what are essentially private armies, close relatives of the mercenaries and vigilantes who are fast becoming indispensable to state power around the world.

Imprisonment Revived

Thirdly, as public spending on the police peaked in 1977, the fiscal and policy emphasis shifted to incarceration. The prison population grew throughout the 1970s (by 42 percent, or almost 100,000, between 1975 and 1981) and at an even faster and unprecedented rate in the 1980s. Between 1984 and 1990, there was a 70 percent increase in the number of guards and other personnel working in state prisons (from 144,855 to 245,750). In California, the state's prison population almost tripled in a decade (1983-1994), making prison guards into some of the best-paid public employees (averag-

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ing $44,000) and the California Correctional Peace Officers Association into one of the most powerful unions in the state.

By 1993 there were over 1.5 million adults and youth (overwhelmingly male) incarcerated in prisons, jails, and detention centers each day. Recent passage of three strikes legislation means that very likely the penal population will grow even faster in the 1990s. The unprecedented growth of policing in the 1970s and prisons in the 1980s has been financed by drastic cuts in public education, health care, and welfare, only compounding the fiscal crises facing local and state governments. California, for example, now spends more on its prisons than it does to educate students in all of its twenty state universities and 107 community colleges combined.

The significance of this trend is demonstrated most dramatically in the changing *rate* of imprisonment: in the late 1970s, the national rate of imprisonment per 100,000 citizens was just over 100 (relatively unchanged since the 1930s); it had increased to 139 by 1980 and to 210 by 1986; by 1994 it was up to 373 and still growing, a more than three-fold increase in just twenty years. Just when the rest of the west began to abandon the nineteenth-century penitentiary and turn to other less coercive and humiliating forms of social control, the United States resuscitated its prison system—England's rate is 97, Japan's 45, and the Netherlands' 40. With the possible exception of Russia, the United States now leads the world in rates of incarceration, far ahead of South Africa's 311.

Prisons in this country have always been punitive and demeaning, but they've reached a new low in the 1990s. Most institutions are now so hopelessly overcrowded that they are routinely in violation of court orders mandating basic human rights. The gutting of public services during the 1980s has meant that prisons and jails have become dumping grounds for people with serious health problems, such as tuberculosis and HIV-related illnesses. For example, there were 200 AIDS-related deaths in New York's state prisons in 1992; and of the

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3,200 prisoners in California's largest prison at Vacaville, 450 are HIV positive. Also, with the closing of mental hospitals and community clinics, prisons and jails are turning into psychiatric facilities. One quarter (or 30,000) of California's prisoners, for example, suffer from some kind of serious mental illness.

In the nineteenth century, there was at least some expectation that prisoners might become disciplined and productive citizens. And on those rare occasions during this century when value was attached to prisoners' work (as during the Second World War, when able-bodied men were drafted and the labor reserve depleted), penal conditions improved. But for the last twenty years there has been no productive work for prisoners. Prisons have become absolute dead ends for millions of men (in the same way that our welfare system has become a punitive and humiliating experience for millions of poor women and children). Those who survive the experience leave embittered, angry, and unskilled, convinced that in a dog-eat-dog world only the toughest and meanest survive. Unlike the 1950s, when the economy was expanding and the "rehabilitation" of prisoners made some sense, ex-prisoners must now compete for low-paying, non-union service jobs with millions of laid-off, part-time, and new workers who haven't done time. The current crackdown on prisoners' rights and "country-club" living standards is as much driven by economic realities, which have made millions of prisoners marginal even to the reserve army of labor, as it is by the right's search for easy scapegoats.

Apartheid Justice

Fourthly, as South Africa moves closer to Western-style democracy, we are moving back to an apartheid system of justice. There's nothing particularly new about the racialization of U.S. criminal justice—witness the use of lynching in the South after Reconstruction or the selective enforcement of opium laws against Chinese immigrants, or the routine use of police brutality against black and Latino communities after

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the Second World War. But in the wake of the civil rights movements and public exposés of the double standard of justice, there was an expectation that due process and the rule of law would bring some significant changes. That promise has been betrayed. As with the return to hyper-segregation in public housing and education, so too with criminal justice.

By 1979, African Americans comprised 46 percent of all prisoners, and in several states they greatly exceeded the national average—60 percent of all prisoners in Delaware, 74 percent in Louisiana, 77 percent in Maryland, 97 percent in Washington, D.C. Similar racial disparities can be found for Latinos in the Southwest and for Native Americans in states like Alaska, Montana, and North and South Dakota.

African Americans bear the brunt of the law and order crackdown. Almost one in every three arrests now involves an African American, typically male and young. According to Marc Mauer of the Sentencing Project, almost one in four black men between the ages of twenty and twenty-nine is either in prison, jail, on probation, or on parole on any given day. This means that there are more young black men in the criminal justice system than the total number of black men of all ages enrolled in college. Nationwide, African Americans make up 12 percent of the general population, but more than 48 percent of prisoners. The disparity is even more explicit, according to criminologist Michael Tonry, when we look at rates of confinement per 100,000. In 1973 the black rate was 368; in 1979 it was 544; and in the 1990s it is an extraordinary 1,860 (compared to 289 for whites), a five-fold increase in twenty years. Imagine the public and political outcry if a comparable percentage of young white men were arrested and incarcerated! How bitterly ironic that those communities with the deepest suffering from racial persecution and economic deprivation are now being demonized as criminal icons.

In the last thirty years there has been a qualitative transformation of the criminal justice system in the United States. Its institutions have become increasingly influenced by

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national politics and economics, with less and less local accountability. Its police and prisons expanded at unprecedented rates in the 1970s and 1980s, paid for primarily by drastic cuts in public health, welfare, and education. Any pretense at "rehabilitation" has been abandoned and prisoners transformed from an exploitable commodity into dangerous garbage, to be quarantined out of sight, but never out of mind. Privatization of criminal justice products, services, and ideas has developed at such a pace that it no longer makes any sense to analyze private and public justice as separate systems. And the increasing racialization of social control (from San Quentin to city planning) hammers home the conclusion that the struggle for civil rights remains very much unfinished.

The results of the November elections, in which crime played such a prominent role, might suggest that the neoconservative campaign for a more authoritarian state has become the hegemonic ideology because it appears to mirror "common sense." But as the state's fiscal crises deepen, as personal security remains as precarious as ever, and as many millions are denied the full rights of citizenship and access to economic equality, we will see that what appears final and victorious is in fact quite provisional and unstable. Before the politics of law and order become thoroughly institutionalized and irreversible, we have some time to come up with a revitalized progressive agenda. The political and ideological chaos ahead gives us an opportunity to enter the debate and offer our vision of an alternative social order, but time is short. Prison construction is one of our few boom industries these days.

To make a contented slave you must make a thoughtless one.—Frederick Douglass

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THE TRUTH ABOUT THE INFORMATION HIGHWAY

by DAVID NOBLE

At the end of November 1994, the truth about the information highway finally got out. Protesting the announcement of another 5,600 layoffs, 1,200 Bell-Atlantic employees in Pennsylvania wore T-shirts to work which graphically depicted themselves as Information Highway Roadkill. The layoffs were just the latest round of cutbacks at Bell-Atlantic, which have been matched by the elimination of jobs at the other giants of the telecommunications industry—ATT, NYNEX, Northern Telecom—supposedly the very places where new jobs are to be created with the information highway. In reality, the technology is enabling companies to extend their operations and enlarge their profits while reducing their workforce and the pay and security of those who remain by contracting out work to cheaper labor around the globe and by replacing people with machines. The very workers who are constructing the new information infrastructure are among the first to go, but not the only ones. The same fate is facing countless workers in manufacturing and service indus-

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David Noble is a professor at York University and a historian of technology. He taught for nearly a decade at M.I.T. and was curator of automation at the Smithsonian Institution in Washington, D.C. His most recent book is *Progress Without People.*

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tries in the wake of the introduction of these new information technologies.

What is most striking about the Bell-Atlantic episode is not just the provocative fashion statement of the workers, members of Communication Workers of America District 13. Rather, it was the company's exaggerated response. Bell-Atlantic demanded that the workers remove the T-shirts and, when they refused, it suspended them without pay. According to Vince Maison, president of the union, the employer suspended the employees out of expressed fear that their message would be seen by the public. Significantly, management was concerned about adverse publicity not just for Bell-Atlantic but, more importantly, for the information highway itself. This was the first time the information highway was unambiguously linked with unemployment, by a union and workforce presumably best situated to reap its promised benefits. Apparently the company believed there was too much riding on the information highway bandwagon to allow this sober message to get around. But it did anyway. The (probably illegal) management action backfired. Rather than a few hundred customers catching a glimpse of the T-shirts during the course of the day's work, millions throughout North America saw them through the media coverage of the suspensions; within hours, the union was inundated with phone calls of support and orders for the T-shirts. The truth was out.

By now probably everyone has heard of the information highway, as a result of the massive propaganda blitzkrieg of the last year. Announcements heralding the dawn of a new age emanate incessantly and insistently from every quarter. The media gush with the latest info highway reports (but not the fatalities), all levels of government are daily pressured into diverting public monies into yet another private trough, every hi-tech firm, not to mention every hustler and con artist in the business world and academic world is rushing to cash in on the manufactured hysteria. The aggressive assault on our senses is aimed at securing public support and subsidy for the construction of the new commercial infrastructure. Its mes-

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sage, which has become the mind-numbing multinational mantra, is simple and direct: We have no other choice. Our very survival, it is alleged, as individuals, a nation, a society depend upon this urgent development. Those without it will be left behind in the global competition. And those with it? A recent "Futurescape" advertisement supplement to the *Globe and Mail* by Rogers Cantel and Bell Canada warned that the information highway "raises the ante in competition. If we don't act, Canada and Canadian companies will be left behind. . . . the information highway is not a luxury technology for the rich. It is the way of the future. And those who do not get on the highway will not have any way of reaching their ultimate destination."

And what exactly is the destiny advanced by the information highway? Ask the Bell-Atlantic employees. The propaganda never mentions the roadkill, of course, but that is the future for many. Most people in Canada instinctively seem to know this already. According to a 1993 Gallup poll, 41 percent of those currently employed believe they will lose their jobs. But, despite this intuition, people have been terrorized into a hapless fatalism. It's inevitable. Or else they have been seduced by the exciting array of new tools and diversions: home-shopping, home-videos, home-learning, home-entertainment, home-communication. The operative word is home, home is where people without jobs are—if they still have a home. The focus is on leisure, because there will be a lot more of it, in the form of mass unemployment. (Some lucky few will get home-work, as their job takes over their home in the sweatshops of the future.) This is where we are headed on the information highway.

To see where we are headed requires no voodoo forecasting, futuristic speculation, much less federally funded research. We just need to take a look at where we've been, and where we are. The returns are already in on the Information Age, and the information highway promises merely more of the same, at an accelerated place.

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In the wake of the information revolution (now four decades old—the term cybernetics and automation were coined in 1947). People are now working harder and longer (with compulsory overtime), under worsening working conditions with greater anxiety, stress, and accidents, with less skills, less security, less autonomy, less power (individually and collectively), less benefits, and less pay. Without question the technology has been developed and used to deskill and discipline the workforce in a global speed-up of unprecedented proportions. And those still working are the lucky ones. For the technology has been designed above all to displace.

Structural (that is, permanent and systemic as opposed to cyclical) unemployment in Canada has increased with each decade of the Information Age. With the increasing deployment of so-called "labor-saving" technology (actually labor-cost saving), official average unemployment has jumped from 4 percent in the 1950s, 5.1 percent in the 1960s, 6.7 percent in the 1970s, and 9.3 percent in the 1980s, to 11 percent so far in the 1990s.

These, of course, are the most conservative estimates (actual unemployment is closer to double these figures). Today we are in the midst of what is called a jobless recovery, symptomatic and symbolic of the new age. Output and profits rise without the jobs which used to go with them. Moreover, one fifth of those employed are only part-time or temporary employees, with little or no benefits beyond barely subsistence wages, and no security whatever.

In 1993, an economist with the Canadian Manufacturers Association estimated that between 1989 and 1993, 200,000 manufacturing jobs were eliminated through the use of new technology—another conservative estimate. And that was only in manufacturing, and before the latest wave of information highway technology, which will make past developments seem quaint in comparison.

None of this has happened by accident. The technology was developed, typically at public expense, with precisely these ends in mind, by government (notably military), finance, and

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business elites—to shorten the chain of command and extend communications and control (the military origins of the Internet), to allow for instantaneous monitoring of money markets and fund transfers, and to enable manufacturers to extend the range of their operations in pursuit of cheaper and more compliant labor.

Thus as the ranks of the permanently marginalized and impoverished swell, and the gap between rich and poor widens to nineteenth-century dimensions, it is no mere coincidence that we see a greater concentration of military, political, financial, and corporate power than ever before in our history. In the hands of such self-serving elites—and it is now more than ever in their hands—the information highway, the latest incarnation of the information revolution, will only be used to compound the crime.

Visions of democratization and popular empowerment via the net are dangerous delusions; whatever the gains, they are overwhelmingly overshadowed and more than nullified by the losses. As the computer screens brighten with promise for the few, the light at the end of the tunnel grows dimmer for the many.

No doubt there has been some barely audible and guarded discussion if not yet debate about the social implications of the information highway, focusing upon such issues as access, commercial vs. public control, and privacy. There is also now a federal advisory commission on the information highway, although it meets in secret without public access or scrutiny, doubtless to protect the proprietary interests of the companies that dominate its membership. But nowhere is there any mention of the truth about the information highway, which is mass unemployment.

For decades we have silently subsidized the development of the very technologies which have been used to destroy our lives and livelihoods, and we are about to do it again, without debate, without any safeguards, without any guarantees. The calamity we now confront, as a consequence, rivals the upheaval of the first Industrial Revolution two centuries

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ago, with its untold human suffering. We are in for a struggle unlike anything any of us have ever seen before, as the Bell-Atlantic employees testify, and we must use any and all means at our disposal. It's time we came to our collective senses, while there is still time. We must insist that progress without people is not progress. At the very least, as a modest beginning, we pull the public plug on the information highway.

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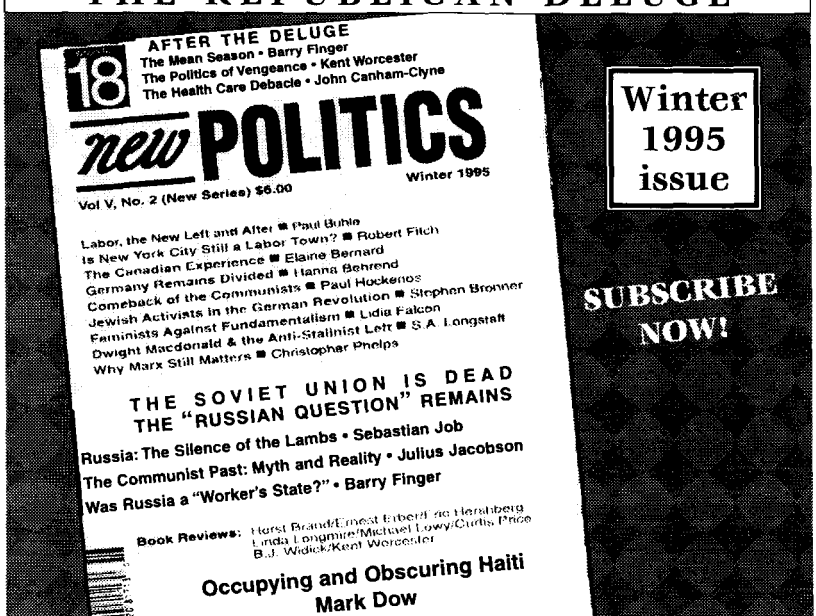
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Countering Amnesia

by Annette T. Rubinstein

Bernard Smith, *A World Remembered: 1925-1950* (Atlantic Highlands, NJ: Humanities Press, 1994), 208 pp., $15.00.

This is really an amazing little book. Not only does the author, in a scant 200 pages, present a remarkable wealth of carefully nuanced, scrupulously documented material about many diverse aspects of recent U.S. life, but he actually manages to do it in a relaxed, readable manner.

Beginning in Greenwich Village in his very early twenties, the young college graduate served briefly as assistant editor to Mike Gold on the very new *New Masses*, eeking out his irregular $10 weekly salary with occasional book reviews for mainstream journals and modest weekly winnings on the stockmarket. The crash which wiped out his small nest egg spurred a search for a nine-to-five job.

His first application secured an immediate interview with Alfred Knopf and an assistant editorship. When he left sixteen years later, he had long been editor-in-chief of the prestigious publishing house.

Smith, whose well-known *Forces in American Criticism* first appeared in 1939 and was successfully republished in 1971, has always been known as a "progressive" and an outspoken supporter of the Soviet Union, although he has never had much respect for the organized Socialist, Communist, or Trotskyist left, and any active involvement with it ended as early as 1934. Nevertheless, he unequiv-

Annete T. Rubinstein is a political activist and the author of *Great Tradition in English Literature,* and *American Literature: Root and Flower.*

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ocally describes himself as a Marxist "with some criticisms, certain reservations, and many unanswered questions."

Associated with many of the leading writers of his time, deeply interested in the theater, and active in many disparate literary circles, Smith has generally been thought of essentially as a man of letters. However, there is in this memoir little space devoted to literary matters after the early 1930s, and the story ends with barely a glimpse of his second career as a film producer in the 1950s and 1960s. The story is, as promised, focused not on the act of remembering or even on the rememberer but on the world as remembered.

Ostensibly the work is a bequest addressed to the author's young granddaughter—a bequest intended to explain that crucial quarter century (1925-1950) which, he says, "has often been described, but to me not often, and never satisfactorily, explained."

The explanation is presented in two related ways—implicitly in a series of very brief character studies of a number of close friends or public figures, and explicitly in a few concise narrative accounts of what they knew and/or thought at the time of crucial historical events, beginning with "the hinge of fate" in Spain in July 1936, and continuing through selected pre-war, war, and post-war dates to HUAC's descent on Hollywood. The people described include Miguel Covarrubias, Winston Churchill, Mike Gold, Alfred Kazin, Alfred Knopf, Albert Maltz, Otto Kahn, H.L. Mencken, George Jean Nathan, Franklin Roosevelt, and, above all, Dashiell Hammett and William Blake. The narrative accounts are often presented in summarized conversations with several of the above, notably Hammett or Blake.

These reviews make no pretense of neutrality but distinguish scrupulously between report and interpretation, and indicate sources in correspondence, diaries, minutes, etc. that can now be found to substantiate what were at the time informed suppositions.

The shaping thesis of the entire book is a somewhat paradoxical one. On the one hand, there is much anecdotal but convincing evidence of the growth of intolerance, bigotry, ethical insensitivity, and greed in U.S. public life. On the other, there is a very well developed statistical refutation of many of the popular images of a more generous spirit, a greater disinterestedness, truer understanding and compassion during the depression and the Second World War. But the emphasis always returns to an attempt at battling our pervasive social amnesia. In fact, the author reports that he first decided to write his granddaughter when, at a birthday party for a

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contemporary, he found that not one of her four offspring, all college graduates, had ever heard of the Spanish Civil War.

In a brief postlude Smith says:

> Even if I have managed to suggest how and why the United States as we know it today was shaped by the quarter century 1925-1950, I have accomplished nothing remarkable. For when the Korean War started, the quintessential character of this country was already quite obvious. . . . By 1990 nothing was effectively hidden from anyone who wanted to know, wanted to understand the political and moral climate of the times, and wanted, above all, to trace the flowers of today to the seeds of my quarter-century.

He then concludes, reverting to his earlier discussion of Hammett, that

> his maximum hope . . . was to find ways to limit our opportunities to exploit and enslave each other. . . . I think it is obvious that I was describing the place to which I have arrived. . . . One of his Damon Runyons characters once remarked "life is 6-5 against." . . . It is a poor soul who does not hope the odds may some day become more favorable.

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So Many Footnotes, So Many Questions

by Russell Harrison

John Fuegi, *Brecht and Company: Sex, Politics, and the Making of the Modern Drama* (New York: Grove Press, 1994), 732 pp., $32.50 cloth.

John Fuegi's biography of Brecht is one more attack on Brecht as a (hard-line) Stalinist as well as an attempt to discredit him as a committed Marxist writer. At a moment when we might reasonably expect an examination of Brecht and his work without the blinders of the Cold War, we have yet another rehearsal of Cold War anti-communism. One must be quite clear at the outset: this book is not a serious scholarly attempt to assess any of the aspects of Brecht's life and work—politics, authorship, views of women—that are its ostensible subject. Rather, Fuegi's project is to undermine the possibility of the committed left intellectual through the "example" of Brecht. The dishonest scholarship and hysterical tone testify to the overdetermined nature of the attack and betray this underlying dynamic.

Fuegi, despite the fall of Communism, cannot give up this Cold War project. This is because the real threat of "Brecht," the powerful critique of capitalist exploitation and its social structures embodied in his work, remains unanswered.

Russell Harrison has taught courses on Brecht at New College, Hofstra University. He is the author of *Against the American Dream. Essays on Charles Bukowski*, published by Black Sparrow Press, 1994. The author thanks George Caffentzis and Minette Marcroft for their helpful comments on an earlier draft of this review.

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However, this attack on Brecht should also be seen in the light of recent events within the institution of literary studies. The exposure—once and for all—of the Nazi and collaborationist activities and writings of Martin Heidegger and Paul de Man, two cultural icons of mainstream U.S. literary thought and practice, has kept still urgent a similar "deconstruction" of left writers. The defensiveness to which the acolytes of Heidegger and de Man have been reduced is a driving, if covert, force behind Fuegi's book and its serious reception.[1] It is an attempt to find a Marxist writer whose past can somehow be made to yield equally incriminating activity. Of course, even if Fuegi's case against Brecht had substance, there can be no equivalence with the racist monstrosity of the Nazi death machine. Yet this indecent equivalence underlies a good deal of Fuegi's "case" against Brecht.

Fuegi constructs Brecht as a "Stalinist" on the basis of Brecht's failure to denounce Stalin publicly in the 1930s, at the time of the purges and show trials, and because of his qualified support of the Ulbricht regime in the German Democratic Republic in the 1950s. A nuanced reading of history suggests that Brecht viewed the Soviet Union in the 1930s as the ultimate anti-fascist bastion on the European continent, which it was imperative to support, and that after the war, in East Germany, he clearly feared the possibility of a violent counterrevolution, aided by western agents. In any event, a reading of the *Arbeitsjournal*, as well as such writings as *Me-Ti*, reveals Brecht's position clearly enough. It never made sense to treat Brecht as a Stalinist, as his continual conflicts with the Communist Party alone would indicate. Although in the days of the Cold War it was easy to succumb to such a thoughtless approach, now, with Communism gone, even as a "threat," there is all the less reason to see him as something that he never was.

What disqualifies Fuegi's book as a useful discussion of these issues is the absence of any serious political analysis. Lacking a theoretical basis from which to analyze events, he is reduced to the crudest measure of all, demonizing people because of personal traits. Hence, we have repeated assertions of personal similarities between Brecht and Stalin (as well as between Brecht and Hitler), and an insistence on seeing Brecht and his "deeds" as comparable to Stalin and Hitler. Absurd as the comparison is, Fuegi insists on it so relentlessly because it is crucial to the attack on the committed left intellectual. Brecht is Stalin/Hitler—and all intellectuals who are committed to radical progressive change are like that.

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The following is typical of Fuegi's approach. When Brecht was directing his and Lion Feuchtwanger's version of Marlowe's *Edward II* at the Munich Kammerspiele in 1924, he was sometimes dictatorial and overbearing. Bernhard Reich, a well-known director who was present at the rehearsals, asked in his memoirs, "Was this attitude a cunning pose, youthful presumption, or had he an inner right to it?" Fuegi then comments:

> The question takes us, I believe, to the heart of a problem central to the members of the Brecht circle. Reich still accepted in 1957 the idea that there are individuals with an "inner right" to act in an absolutely categorical manner . . . to understand this century at all, it is essential to recognize the wholly irrational power these figures, whether Hitler, Stalin, or Brecht—exerted when they were encountered in person.[2] (p. 128)

To equate an overbearing—even a tyrannical—theater director with Hitler and Stalin reveals an inability to make even the simplest moral distinction in assessing human and historical events. One asks oneself: isn't there a difference in acceding to a brilliant and forceful director in a point of stagecraft or drama and acquiescing to a demagogue advocating the most virulent racism?

Fuegi's anti-communism is a problem throughout the book. Not infrequently it results in bizarre interpretations of Brecht's writings, exemplified in his discussion of two poems from the mid-1920s, part of a cycle Brecht wrote describing the solitary individual exposed to the difficulties, dangers, and uncertainties of life in the metropolis, entitled "Ten Poems for a Reader Who Lives in Cities." Part of one poem runs:

> Part from your friends at the station
> Enter the city in the morning with your coat buttoned up
> Look for a room, and when your friend knocks:
> Do not, O do not, open the door
> But
> Cover your tracks.
> Go into any house when it rains and sit on any chair that's in it

Fuegi comments,

> The poem gives a series of instructions to go undercover, and to hide one's face and tracks. Agents are to avoid arrest. They must be stern enough to hide from their own parents, to slam the door on their own comrades, to sign nothing, and keep moving, changing houses all the time. (p. 175)

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Fuegi invents things for which there is no evidence whatsoever in the poem because there is no mention of agents or of politics. That Fuegi is dishonest, and not merely incompetent, is even clearer in the next poem he cites, the last stanza of another poem from the same cycle, "To Chronos":

The cities are allowed to change
But you are not allowed to change.
We shall argue with stones
But you we shall kill
You must not live.
Whatever lies we are forced to believe
You must not have been.
(*That is how we speak to our fathers.*)

"Here," according to Fuegi, "a group has decided, with no specific reason given, to get rid of a companion." (p. 175) But all Fuegi cites are the verses that I have *not* italicized because the lines he doesn't cite complicate any attempt to read the poem in the way he wants. Clearly no agent would speak as Fuegi asserts the agent in the poem speaks (and, of course, there is no "agent" in the poem). Fuegi continues:

> [Bakunin's] *Catechism, Mein Kampf* and "To Kronos" represent extremes, but they are extremes that flow directly into one another. Each work elevates an Übermensch to a position where he can casually arrange the death of anyone deemed literally and figuratively an Untermensch. (p. 176)

Again, there is no suggestion (let alone mention) of an "Übermensch" or "Untermensch" in these poems. Thus Brecht, registering the anomie that followed effects of a confrontation with an ever accelerating urbanization, is transformed by Fuegi into an advocate of imaginary Comintern "hit squads," operating, according to Fuegi, in the 1920s in Germany. (p. 100)

But Fuegi's important achievement, he would have us believe, is to reveal much of Brecht's oeuvre as less his product than that of his co-workers: Elisabeth Hauptmann, Margarete Steffin, and Ruth Berlau. While space prevents my examining all his claims, I want to look at that made for Elisabeth Hauptmann's part in the creation of many of the earlier poems and plays. Although Fuegi suggests that his book is important for the new light it sheds on this authorship, he gives us no new facts. Most of his new *claims* are speculative, based on a thematic shift from a misogynistic to a more positive perspective in the poems' and plays' representation of women.

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Fuegi's typical procedure is to repeat the detailed case made by an earlier scholar(s) and then, with no new hard evidence, extrapolate from that to make a much broader claim.

This procedure is evident in his treatment of Brecht's first published book of poems, the *Hauspostille* (1927). Fuegi accepts John Willett's findings (in a 1983 article) that two poems of the collection, "Alabama Song" and "Benares Song," were, in the first case, translated from English by Hauptmann and in the second written by her in English. Fuegi then writes, if "such quintessentially Brechtian artifacts" as these two poems are by someone other than Brecht, "then we must recognize that what we have supposed to be a genuinely Brechtian voice can be by another person." (pp. 179-180)

No competent reader of Brecht's poetry would see two poems written in a foreign language, especially a language Brecht didn't know very well at the time, as "genuinely Brechtian." Yet, with no further proof or mention of other specific poems, i.e., on the basis of this sole "identification," Fuegi asserts that "Hauptmann's hand is found frequently in 'Brecht' . . . poems . . . from early 1925 on" (p. 144), and that she had an unacknowledged "real role" in "innumerable poems . . . going back to early 1925."[3] (p. 265)

Fuegi adopts a similar ploy with respect to the plays. He notes that Hauptmann's linguistic skills enabled her to translate from English and French sources. Following Peter Szondi and Willett, Fuegi makes a good case for Hauptmann's having translated several plays and having been involved with Brecht and others in their adaptation (something that had been acknowledged by Brecht when he listed her as a co-worker). For example, Szondi pointed out in 1966 that the Lehrstück *He Who Says Yes* closely follows Hauptmann's translation of Arthur Waley's English version of a medieval Japanese play, *The Valley Hurling*. On the basis of this, Fuegi then writes of a subsequent, much more important play, *The Measures Taken*:

> In terms of formal structure and its theme of acquiescence to authority even when it means death, *Measures* is a direct transposition of the religious and mythic core of *He Who Says Yes* into the contemporary political sphere. (p. 245)

Yet the later play is four times as long as the earlier one, with radically different content, characters, language, and plot. It bears only a remote and abstract resemblance to the earlier play and Fuegi presents no evidence to show that Hauptmann was seriously in-

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volved with it. Solely on the basis of her translation of *The Valley Hurling*, Fuegi then refers to *The Measures Taken* as by "Hauptmann/Eisler/Brecht." In sum, Fuegi repeats the (convincing) arguments of earlier scholars that when plays involved translation from English or French, Hauptmann was, as Brecht acknowledged, a "co-worker."

At first glance, Fuegi's book appears impressive. It is 732 pages long, divided into 47 chapters, and it comes with an imposing scholarly apparatus of close to 1,800 notes and a 30-page index. But Fuegi's scholarship is so problematic, not to say duplicitous, that it invalidates much of the portrait that he draws of Brecht. Most serious is the shameless way Fuegi manipulates his sources, crudely and subtly misrepresenting primary and secondary material. Three examples follow, revealed in a check of perhaps a dozen notes. One concerns a translation of a German text. As part of his relentless substitution of personalization for analysis, Fuegi tries to present Brecht's "charisma" as irresistible and akin to Hitler's. In support of this contention, Fuegi cites an August 1938 entry in Walter Benjamin's journal of a visit to Brecht in Denmark:

> Speaking of his conversations with Brecht, Benjamin felt "a power being exercised over me that was equal to fascism itself; that is, I would say, it sprang from the same depths of history as the fascistic." (p. 363)

This is not what Benjamin wrote and it makes a very different point from what he wrote. The correct translation is:

> I felt a power being exercised over me which was equal in strength to the power of fascism—I mean a power that sprang from the depths of history no less deep than the power of the fascists.

Benjamin wants to show that the opposition to fascism is just as profound a force in people as is fascism. Fuegi misquotes to make a point deeply repugnant to Benjamin that left and right extremes are the same.

A crude misrepresentation occurs in a discussion of a letter from Brecht to Arnolt Bronnen where Fuegi is concerned with showing Brecht as selfish, demanding, and given to violent imagery. Brecht, Fuegi writes, "had a dozen or so errands for Bronnen to do—all couched in terms of violence, fire, earthquakes, the eradication of vermin." (p. 107) In point of fact, there are five requests in the letter, three of them trivial: "I'll bring a Chinese lantern . . . a guitar, a typewriter *you must bring, humor Gerda's song, cigarettes.*" There is no reference in the letter to earthquakes or the eradication of vermin and the only reference to fire is contained in a sentence

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that also contains one of the other requests: "Can't you go to Klöpfer and light a fire under his ass because the Deutsche Theater wants to perform Baal. . . ."[4]
From this and similar misrepresentations Fuegi constructs his portrait of Brecht.[5]

There is yet another problem with Fuegi's biographical method: his refusal to—literally—separate fact from fiction, an example of which occurs as early as page 4. Here Fuegi wants to establish an incident in Brecht's childhood as a determining factor in his later relationships with women. He states that Marie, a maid in the Brecht household, when undressing Brecht and his younger brother,

> would sometimes hide objects in her underclothes for them to find. Eugen [Brecht] claimed later that he loved to look for a hidden eraser in its secret hiding places between Marie's breasts or thighs. (p. 4)

In his note to this passage, Fuegi writes:

> This observation, surrounded by a number of accurate and verifiable observations (though this particular incident has no exterior source to confirm it) is found in *Gesammelte Werke* (Frankfurt am Main: Suhrkamp Verlag, 1967), 14:1414, p. 627.

Nowhere, neither in the text nor in the note, does Fuegi tell the reader that he is quoting a *fictional* character in a *fictional* work (Brecht's *Flüchtlingsgespräche*). Thus, he uses the statement of a fictional character as if it were a first-person statement by Brecht in a non-fictional piece of writing. While the collapsing of fiction and non-fiction is bad enough, what is worse is that the footnote suggests that Fuegi is aware of what he is doing and is attempting to cover himself, should anyone decide to check the source.

By repeated references to Virginia Woolf's *A Room of One's Own* and writings by Carol Gilligan and Joan Smith, Fuegi presents his book as something of a feminist interpretation of Brecht when, in fact, what he has done is to add an opportunistic "feminism" to a crude anti-communism. It is really a pseudo-feminism which Fuegi's prudery and insensitivity as an interpreter further disqualify, rendering his interpretations of Brecht's love poetry (of which he makes a big deal) worthless. Fuegi's puritanical attitude to sex often leads to his reading things into a text for which there is no evidence, as a pretext for name-calling, as in his comments on a poem that Brecht wrote at age nineteen:

> Oh you can't imagine what I suffer

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When I see a lovely woman
Whose ass in yellow silk
Twitches in the heavenly blue of evening.

Fuegi remarks that,

The conventionality of this kind of writing is confirmed by the fact that poems like this were readily sold to and printed by a local paper. The stance is one of aggressive misogyny, where a woman's buttocks lead men astray. (p. 33)

Though the poem objectifies women, and hence might be termed (mildly) chauvinist, to call it misogynistic is absurd. To term the poem "aggressively misogynist," to assert that a man is "being led astray" when there is no suggestion of this, reveals Fuegi as truly unhinged. The puritanical Fuegi sees sex as bad maleness, and sexual attraction (which is all the poem is about—along with, perhaps, male anxiety) per se as bad. Moreover, the poem is not quite as conventional as Fuegi thinks. The last word of the original, picked to rhyme with "Frau" is "Abendhimmelblau" and distances us a fair amount from the crude sexuality of the word chosen for "ass" in German, "Steiss." Brecht was too often a self-involved individual and his representation of women (as well as his relationships with them) is an area in which useful work might be done.[6] But Fuegi's deficiencies as an interpreter (of relationships as well as texts, it might be added) are so glaring as to disqualify him from successfully attempting such a task.

There are, of course, other aspects of Brecht's work and creative process well worth investigating. Never a member of the Communist Party, Brecht brought forward a conception of working-class resistance in, for example, the "Chronicles" section of the *Svendborger Gedichte* and in plays like *Schweyk in the Second World War* which are worth serious analysis. And although he produced his work in a commodity-producing society, he yet saw such work as collective and identified many of his co-workers, thus consciously beginning to break down the traditionally individualistic nature of dramatic writing. Furthermore, in his work we begin to see an objective attack on intellectual property. Brecht reacted against our being forced to propertize things yet was at the same time divided—working within a capitalist society it was difficult for him to go beyond capitalist relations. His oft-quoted statement concerning his "laxness in questions of intellectual property," rather than being taken as evidence of his cynicism (which it *partially* was) deserves serious investigation as an effort to go beyond such property rela-

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tions. Although Fuegi would seem to have had the resources to pursue such an undertaking, he does not even attempt it.

Brecht and Company is, in the end, a shoddily researched, unintelligent, and dishonest book, which adds little value to our knowledge of Brecht and says even less that is useful in interpreting his work.

NOTES

1. The list of financial support for Fuegi's book is striking: eighteen different grants and awards (including grants from the ACLS, NEH, Rockefeller, and Guggenheim Foundations) as well as an advance from Grove/Atlantic, p.625.
2. Fuegi continues: "David Bowie has spoken of Hitler as the first rock star If we would understand the power that either Hitler or Brecht exerted on audiences in Munich in the early 1920s, Bowie's observation gives us a clue as to how supposedly rational beings can be turned to putty in the hands of immensely skilled performers." (p. 128) Here Fuegi is comparing Brecht's success as performer of *Moritaten* (street songs) in cabarets with Hitler's speeches at political meetings.
3. He cites a late interview with Hauptmann in which she says "Up until thirty-three I either wrote or wrote down most of the poems." (p. 145, repeated on p.533). This statement can be meaningless or of great importance but there is absolutely no way (based on what Fuegi tells us) to determine its truth-value.
4. Arnolt Bronnen, *Tage mit Bertolt Brecht* (Frankfurt: Luchterhand, 1990), p. 76. My emphasis in first quotation.
5. Fuegi's dishonesty with published sources suggests another problem. Because his research began long before the end of the Cold War, when some in the Soviet Union and the GDR were unwilling to write down statements or allow themselves to be taped, Fuegi "had to memorize and later write down what I was told in the GDR and the Soviet Union." (p. xviii) Although he assures us that he cross-checked what was told him with whatever written evidence might corroborate or disprove it, Fuegi's handling of published and easily checked texts undermines any trust we might be inclined to place in what is based on oral information which Fuegi then memorized.
6. See Sabine Kebir, *Ein Akzeptabler Mann: Streit um Bertolt Brechts Partnerbeziehungen* (East Berlin: Buchverlag Der Morgen, 1987), for an illuminating discussion of Brecht's love poetry as well as of his relationships with women. She finds that the poems for the most part privilege a relationship of equality. (p. 11)

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(Continued from inside front cover)
of semiskilled and unskilled merging into, and easily replaceable by, the growing number of unemployed at the bottom.

This is a state of affairs that cries out for remedial action. But the leaders of the G7 governments meeting in Halifax are almost certain to evade serious consideration of the issue for the simple reason that the policies of unregulated markets and free capital flows, to which they are all committed, preclude the individual governments from taking effective measures to put people to work producing urgently needed goods and services. This is the problem. It will not go away. And it can be addressed only by governments that represent the real interests of their peoples.

Last month's (May) issue of *MR* calls for a couple of corrections and a qualification: (1) On p. 3, line 7, the title of Keynes's book is incomplete. It should read *The General Theory of Employment, Interest, and Money.* (2) In the last line of the same paragraph "ideal" should read "idea." (3) On line 8 of page 14, "scale" should read "sale." (4) A critical reader emphatically questions the statement on the inside back cover (lines 2 and 3 of the first full paragraph) that "The guardians of capitalist ideology promptly banned Keynes from polite society." Our critic is right: this is much too strong. In the United States, more than in Britain, Keynes was much reviled (often bracketed with FDR) by right-wingers; and of course British tories rejected his theories. But banned from polite society he certainly wasn't.

We record with great sorrow the death of our old friend Corliss Lamont at age ninety-three of heart failure at his country home in Ossining on April 26. Corliss was a classic case of a rare phenomenon, a privileged member of a ruling class who spent his entire adult life opposing its most cherished principles. Son of Thomas W. Lamont, chairman in the 1920s of J.P. Morgan and Company, he was a lifelong socialist, an early supporter of the Russian Revolution, and an ardent advocate of U.S.-Soviet friendship. Subsequently he took the same position on the Chinese, Cuban, and other revolutionary struggles of our time. He was a tireless fighter for civil liberties. When he could no longer support the ACLU because of its refusal to defend the rights of Communists and other progressives, he founded the National Emergency Civil Liberties Committee which was (and is) unambiguously clear on that subject. He gave moral and often financial support to many left causes (*MR* was one of them). And through it all he was a happy person who retained his optimistic hopes for a better future. To say that he will be sorely missed is a huge understatement.

On July 9 through July 22, the Brecht Forum will be holding a two-week intensive study of Marxism. Harry Magdoff will be included among the speakers. For information call (212) 242-4201.

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